

## CHAPTER 15-20.4 POSTSECONDARY EDUCATIONAL INSTITUTIONS

### **15-20.4-01. Definitions.**

As used in this chapter:

1. "Authorization to operate" or like term means approval of the board to operate or to contract to operate a postsecondary educational institution in this state.
2. "Board" means the state board for career and technical education.
3. "Education" or "educational services" or like term includes any class, course, or program of training, instruction, or study.
4. "Educational credentials" means degrees, diplomas, certificates, transcripts, reports, documents, or letters of designation, marks, appellations, series of letters, numbers, or words which signify, purport, or are generally taken to signify enrollment, attendance, progress, or satisfactory completion of the requirements or prerequisites for education at a postsecondary educational institution operating in this state.
5. "Entity" includes any company, firm, society, association, partnership, corporation, limited liability company, and trust.
6. "Executive officer" means the director of career and technical education.
7. "Postsecondary educational institution" includes an academic, vocational, technical, home study, business, professional, or other school, college, or university, or other organization or person, operating in this state, offering educational credentials, or offering instruction or educational services (primarily to persons who have completed or terminated their secondary education or who are beyond the age of compulsory high school attendance) for attainment of educational, professional, or vocational objectives.
8. "To grant" includes awarding, selling, conferring, bestowing, or giving.
9. "To offer" includes, in addition to its usual meanings, advertising, publicizing, soliciting, or encouraging any person, directly or indirectly, in any form, to perform the act described.
10. "To operate" an educational institution, or like term, means to establish, keep, or maintain any facility or location in this state where, from, or through which, education is offered or given, or educational credentials are offered or granted, and includes contracting with any person, group, or entity to perform any such act.

### **15-20.4-02. Exemptions.**

The following education and educational institutions are exempted from the provisions of this chapter:

1. Institutions exclusively offering instruction at any or all levels from preschool through the twelfth grade.
2. Education sponsored by a bona fide trade, business, professional, or fraternal organization, so recognized by the board, solely for that organization's membership, or offered on a no-fee basis.
3. Education solely avocational or recreational in nature, as determined by the board, and institutions offering such education exclusively.
4. Certain education provided through short-term programs as determined by the board.
5. Education offered by charitable institutions, organizations, or agencies, so recognized by the board, provided the education is not advertised or promoted as leading toward educational credentials.
6. Postsecondary educational institutions established, operated, and governed by this or any other state or its political subdivisions, as determined by the board and any educational consortium that includes one or more of the institutions.
7. Private four-year institutions chartered or incorporated and operating in the state prior to July 1, 1977, so long as the institutions retain accreditation by national or regional accrediting agencies recognized by the United States office of education.
8. Schools of barbering regulated under chapter 43-04.
9. Schools of cosmetology regulated under chapter 43-11.

10. Schools of nursing regulated under chapter 43-12.1.
11. Native American colleges operating in this state, established by federally recognized Indian tribes.
12. Postsecondary educational institutions not operating in this state.
13. Institutions whose only physical presence in this state consists of students enrolled in practicums, internships, clinicals, or student teaching in this state.

**15-20.4-02.1. Voluntary application for authorization to operate.**

Although a postsecondary educational institution not operating in this state is exempt from this chapter by section 15-20.4-02, the institution may subject itself to the requirements of this chapter by applying for and being awarded an authorization to operate by the board. An authorization to operate, as applied to a postsecondary educational institution not operating in this state, means approval of the board to offer to students in this state educational services leading to educational credentials.

**15-20.4-03. Board powers and duties.**

The board has, in addition to the powers and duties now vested in it by law, the following powers and duties to:

1. Establish and require compliance with minimum standards and criteria for postsecondary educational institutions under this chapter. The standards and criteria must include quality of education, ethical and business practices, health and safety and fiscal responsibility, which applicants for authorization to operate shall meet:
  - a. Before such authorization may be issued; and
  - b. To continue such authorization in effect.The criteria and standards developed will effectuate the purposes of this chapter, but will not unreasonably hinder legitimate educational innovation.
2. Prescribe forms and conditions for, receive, investigate as it may deem necessary, and act upon applications for authorization to operate postsecondary educational institutions. Authorization to operate an academic or professional postsecondary educational institution offering educational credentials may be issued only upon approval of the executive officer and the commissioner of the state board of higher education or the commissioner's designee.
3. Maintain a list of postsecondary educational institutions authorized to operate in this state under the provisions of this chapter. The list must be available for the information of the public.
4. Negotiate and enter into interstate reciprocity agreements with similar agencies in other states, if in the judgment of the board such agreements are or will be helpful in effectuating the purposes of this chapter; provided, however, that nothing contained in any such reciprocity agreement may be construed as limiting the board's powers, duties, and responsibilities with respect to independently investigating or acting upon any application for authorization to operate, or any application for renewal of such authorization to operate, a postsecondary educational institution, or with respect to the enforcement of any provision of this chapter, or any of the rules or regulations promulgated hereunder.
5. Receive and cause to be maintained as a permanent file, copies of academic records specified by the board in the event any postsecondary educational institution required to have an authorization to operate under this chapter proposes to discontinue its operation.
6. Promulgate such rules, regulations, and procedures necessary or appropriate for the conduct of its work and the implementation of this chapter, and to hold such hearings as it may deem advisable in accordance with chapter 28-32 or as required by law in developing such rules, regulations, and procedures, or in aid of any investigation or inquiry.
7. Investigate as it may deem necessary, on its own initiative or in response to any complaint lodged with it, any person, group, or entity subject to, or reasonably believed by the board to be subject to, the jurisdiction of this chapter; and in connection

therewith to subpoena any persons, books, records, or documents pertaining to such investigation. The board may require answers in writing under oath to questions propounded by the board and may administer an oath or affirmation to any person in connection with any investigation. The board may, after hearing, revoke or suspend authorizations to operate. Subpoenas issued by the board are enforceable by any district court.

8. Require fees and bonds from postsecondary educational institutions in such sums and under such conditions as it may establish; provided, that fees established may not exceed the reasonable cost of the service being provided.
9. Exercise other powers and duties implied but not enumerated in this section but in conformity with the provisions of this chapter which, in the judgment of the board, are necessary in order to carry out the provisions of this chapter.

#### **15-20.4-03.1. Authorization fee fund.**

There is created an authorization fee fund into which fees provided to the board upon application for authorization to operate a postsecondary educational institution under section 15-20.4-03 must be deposited. The fund and interest earned on the fund may be spent by the board pursuant to legislative appropriation exclusively to carry out the intent and purpose of this chapter. This fund is not subject to section 54-44.1-11.

#### **15-20.4-04. Minimum standards - Exceptions.**

1. All postsecondary educational institutions must be accredited by national or regional accrediting agencies recognized by the United States department of education. The board may additionally require such further evidence and make such further investigation as in its judgment may be necessary. Any postsecondary educational institution operating in this state seeking its first authorization to operate may be issued a provisional authorization to operate on an annual basis until the institution becomes eligible for accreditation by a recognized accrediting agency. Institutions issued a provisional authorization to operate must demonstrate a substantial good-faith showing of progress toward such status. Only upon accreditation shall an institution become eligible for a regular authorization to operate.
2. This section does not apply to postsecondary educational institutions operating in this state that do not grant degrees and that offer mainly hands-on training in low census occupations, as determined by the board. "Degree" as used in this subsection means a document that provides evidence or demonstrates completion of a course of instruction that results in the attainment of a rank or level of associate or higher.

#### **15-20.4-05. Prohibition.**

A person, group, or entity of whatever kind, alone or in concert with others, may not:

1. Operate, in this state, a postsecondary educational institution not exempted from the provisions of this chapter, unless said institution has a currently valid authorization to operate issued pursuant to the provisions of this chapter.
2. Instruct or educate, or offer to instruct or educate, including advertising or soliciting for such purpose, enroll or offer to enroll, contract or offer to contract with any person for such purpose, or award any educational credential, or contract with any institution or party to perform any such act, at a facility or location in this state unless such person, group, or entity observes and is in compliance with the minimum standards and criteria established by the board pursuant to subsection 1 of section 15-20.4-03, and the rules and regulations adopted by the board pursuant to subsection 6 of section 15-20.4-03.
3. Use the term "university", "institute", or "college" without authorization to do so from the board.
4. Grant, or offer to grant, educational credentials, without authorization to do so from the board.

**15-20.4-06. Refund of tuition fees.**

1. Postsecondary educational institutions shall refund tuition and other charges, other than a reasonable application fee, when written notice of cancellation is given by the student in accordance with the following schedule:
  - a. When notice is received prior to, or within seven days after completion of the first day of instruction, or after receipt of the first correspondence lesson by the institution, all tuition and other charges must be refunded to the student.
  - b. When notice is received prior to, or within thirty days after completion of the first day of instruction, or prior to the completion of one-fourth of the educational services, all tuition and other charges except twenty-five percent thereof must be refunded to the student.
  - c. When notice is received upon or after completion of one-fourth of the educational services, but prior to the completion of one-half of the educational services, all tuition and other charges except fifty percent thereof must be refunded to the student.
  - d. When notice is received upon or after the completion of fifty percent of the educational services, no tuition or other charges may be refunded to the student.
2. The provisions of this section do not prejudice the right of any student to recovery in an action against any postsecondary educational institution for breach of contract or fraud.
3. A postsecondary educational institution may implement a refund schedule that deviates from subsection 1 if the proposed refund schedule is more favorable to the student than the schedule described in subsection 1.

**15-20.4-07. Negotiation of promissory instruments.**

Repealed by S.L. 2009, ch. 161, § 7.

**15-20.4-08. Cancellation of contract for instrument.**

Any person has the right for any cause to rescind, revoke, or cancel a contract for educational services at any postsecondary educational institution within seven days after entering into such contract without incurring any tort or contract liability. In such event, the postsecondary educational institution may retain the amount of tuition and other charges as set forth in subsection 1 of section 15-20.4-06.

**15-20.4-09. Remedy of defrauded student - Treble damages.**

Any person defrauded by any advertisement or circular issued by a postsecondary educational institution, or by any person who sells textbooks to the institution or to the pupils thereof, may recover from such institution or person three times the amount paid.

**15-20.4-10. Board review.**

Any person aggrieved by a decision of the board respecting denial or revocation of an authorization to operate, or the placing of conditions thereon, whether on initial application or on application for renewal, and any person aggrieved by the imposition of a penalty by the board under section 15-20.4-12, has the right to a hearing and review of such decision by the board and to judicial review in accordance with chapter 28-32.

**15-20.4-11. Violations - Civil penalty.**

Any person, group, or entity, or any owner, officer, or employee thereof, who violates the provisions of section 15-20.4-05, or who fails or refuses to deposit with the board the records required by the board under this chapter, is subject to a civil penalty not to exceed one hundred dollars for each violation. Each day's failure to comply with the provisions of said sections is a separate violation. Such fine may be imposed by the board in an administrative proceeding or by any court of competent jurisdiction.

**15-20.4-12. Violations - Criminal penalty.**

Any person, group, or entity, or any owner, officer, or employee thereof, who willfully violates the provisions of section 15-20.4-05, or who willfully fails or refuses to deposit with the board the records required by the board under this chapter, is guilty of a class B misdemeanor. The criminal sanctions may be imposed by a court of competent jurisdiction in an action brought by the attorney general of this state or a state's attorney pursuant to section 15-20.4-14.

**15-20.4-13. Jurisdiction of courts - Service of process.**

Any postsecondary educational institution not exempt from this chapter, which has a place of business in this state, and which instructs or educates, or offers to instruct or educate, enrolls or offers to enroll, or contracts or offers to contract, to provide instructional or educational services in this state, whether such instruction or services are provided in person or by correspondence, to a resident of this state, or which offers to award or awards any educational credentials to a resident of this state, submits such institution, and if a natural person, the person's personal representative, to the jurisdiction of the courts of this state, concerning any claim for relief arising therefrom, and for the purpose of enforcement of this chapter by injunction pursuant to section 15-20.4-14. Service of process upon any such institution subject to the jurisdiction of the courts of this state may be made by personally serving the summons upon the defendant within or outside this state, in the manner prescribed by the North Dakota Rules of Civil Procedure, with the same force and effect as if the summons had been personally served within this state. Nothing contained in this section limits or affects the right to serve any process as prescribed by the North Dakota Rules of Civil Procedure.

**15-20.4-14. Enforcement - Injunction.**

1. The attorney general of this state, or the state's attorney of any county in which a postsecondary educational institution is found, at the request of the board or on the attorney general's own motion, may bring any appropriate action or proceeding (including injunctive proceedings, or criminal proceedings pursuant to section 15-20.4-12) in any court of competent jurisdiction for the enforcement of the provisions of this chapter.
2. Whenever it appears to the board that any person, group, or entity is, is about to, or has been violating any of the provisions of this chapter or any of the lawful rules, regulations, or orders of the board, the board may, on its own motion or on the written complaint of any person, file a petition for injunction in the name of the board in any court of competent jurisdiction in this state against such person, group, or entity, for the purpose of enjoining such violation or for an order directing compliance with the provisions of this chapter, and all rules, regulations, and orders issued hereunder. It is not necessary that the board allege or prove that it has no adequate remedy at law. The right of injunction provided in this section is in addition to any other legal remedy which the board has, and is in addition to any right of criminal prosecution provided by law; provided, however, the board may not obtain a temporary restraining order without notice to the person, group, or entity affected. The existence of board action with respect to alleged violations of this chapter does not operate as a bar to an action for injunctive relief pursuant to this section.

**15-20.4-15. Unlawful to issue, manufacture, or use false academic degrees - Penalty.**

1. It is unlawful for a person to knowingly advertise to sell, issue, or manufacture a false academic degree. A person that violates this subsection is guilty of a class C felony. This subsection does not apply to a newspaper, television or radio station, or other commercial medium that is not the source of the advertisement.
2. a. It is unlawful for an individual to knowingly use or claim to have a false academic degree:
  - (1) To obtain employment;
  - (2) To obtain a promotion or higher compensation in employment;
  - (3) To obtain admission to an institution of higher learning; or

- (4) In connection with any business, trade, profession, or occupation.
- b. An individual who violates this subsection is guilty of a class A misdemeanor.
- 3. As used in this section, "false academic degree" means a document such as a degree or certification of completion of a degree, coursework, or degree credit, including a transcript, that provides evidence or demonstrates completion of a course of instruction or coursework that results in the attainment of a rank or level of associate or higher which is issued by a person that is not a duly authorized institution of higher learning.
- 4. As used in this section, "duly authorized institution of higher learning" means an institution that:
  - a. Has accreditation recognized by the United States secretary of education or has the foreign equivalent of such accreditation;
  - b. Has an authorization to operate under this chapter;
  - c. Operates in this state and is exempt from this chapter under section 15-20.4-02;
  - d. Does not operate in this state and is:
    - (1) Licensed by the appropriate state agency; and
    - (2) An active applicant for accreditation by an accrediting body recognized by the United States secretary of education; or
  - e. Has been found by the state board for career and technical education to meet standards of academic quality comparable to those of an institution located in the United States that has accreditation recognized by the United States secretary of education to offer degrees of the type and level claimed.

**15-20.4-16. Unlawful to use degree or certificate when coursework not completed - Penalty.**

- 1. An individual may not knowingly use a degree, certificate, diploma, transcript, or other document purporting to indicate that the individual has completed an organized program of study or completed courses when the individual has not completed the organized program of study or the courses as indicated on the degree, certificate, diploma, transcript, or document:
  - a. To obtain employment;
  - b. To obtain a promotion or higher compensation in employment;
  - c. To obtain admission to an institution of higher learning; or
  - d. In connection with any business, trade, profession, or occupation.
- 2. An individual who violates this section is guilty of a class A misdemeanor.

**15-20.4-17. Consumer protection - False academic degrees.**

The state board for career and technical education, in collaboration with the North Dakota university system, shall provide via internet websites, information to protect students, businesses, and others from persons that issue, manufacture, or use false academic degrees.

**15-20.4-18. Unlawful to operate accreditation mill - Penalty.**

- 1. A person may not operate an accreditation mill in North Dakota.
- 2. As used in this section:
  - a. "Accreditation mill" means an accrediting entity that is not recognized by the United States department of education or the state board for career and technical education.
  - b. "Operate" includes to use an address, telephone number, facsimile number, or other contact point located in North Dakota.
- 3. A person that violates this section is guilty of a class C felony.